



ADMINISTRATION ON DEVELOPMENTAL DISABILITIES

DISABILITY IS A NATURAL PART OF THE HUMAN EXPERIENCE...

News And Updates From Office Of Commissioner

January 28th, 2011

As April 15 quickly approaches, I'd like to take a moment to highlight some Federal efforts that may help individuals with disabilities and their families make the most of their tax refunds.

Today marks the fifth annual Earned Income Tax Credit (EITC) Awareness Day. The EITC is specifically designed to benefit hard-working low income families. This tax credit is especially important in today's economy. More workers may qualify due to reduced incomes, and individuals with intellectual and developmental disabilities and their families have in many cases been hit particularly hard by the economic downturn. EITC can make their lives a little easier.

Eligibility is based on several factors, including the source and amount of your income, or combined income if married, whether you have qualifying children and how many. Workers without children also may qualify. The EITC Assistant at www.irs.gov can help taxpayers determine their eligibility.

As part of ACF's effort to help families, the Office of Community Services (OCS) houses our Assets for Independence program, which works with state and local partners to provide financial management and training services to help low income families develop strategies for saving and managing their money. Working with the IRS to raise awareness of EITC benefits is a critical part of this effort. Many don't realize that they qualify or simply fail to claim the benefit when they file their taxes. The IRS estimates that 25 percent of eligible recipients do not claim their EITC benefits, and subsequently forfeit hundreds or thousands of dollars. Families with earnings up to \$48,000 last year could qualify for the EITC this year, and those with 3 or more children could qualify for up to \$5,666 in this credit. Refunds from the EITC and other tax credits can essentially turn a \$7.00 an hour job into a \$9.00 job, which needless to say, can have a substantial impact on the stability of families. For more information about Earned Income Tax Credits, please see: <http://www.eitc.irs.gov/central/main>

Volunteer tax assistance sites at more than 1,200 community locations and local IRS Taxpayer Assistance Centers will prepare returns and help workers claim their EITC. They provide free services to people who make approximately \$49,000 a year or less. Free File, available at www.irs.gov will let individuals electronically file their returns and claim their EITC using brand name software products.

Additionally, more information for people with disabilities about filing taxes and saving money, is available through the Real Economic Impact website, <http://www.realeconomicimpact.org/>.

The IRS also describes seven tax deductions, income exclusions and credits that are available for qualified taxpayers with disabilities in its brochure, "Living and Working with Disabilities." These deductions include Impairment-Related Work Expenses; Credit for the Elderly or Disabled; Medical Expenses; and the Child or Dependent Care Tax Credit.

Additionally, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) was signed into law on December 17, 2010. The law includes a provision that is important to individuals with disabilities and their families. The new law requires all federal means-tested programs to exclude all federal tax refund checks received between January 1, 2010 and December 31, 2012 from counting against asset limits for a full 12 months after receipt of the refund. Additional guidance on this provision will be forthcoming soon.

Sincerely,

Sharon Lewis

Commissioner, Administration on Developmental Disabilities
Department of Health and Human Services